Customer Perception for Service Apartment: The Case of Chittagong

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Most of the people in our country are suffering from the lack of comfortable living due to their inability to build their own houses. Moreover, tenants who are from middle class are worse victims of the rising trend of house rentals. Though competition prevails among the rival house builders or developers, customers are not getting satisfied to their packages or the underlying problems of non-selling of fully finished or under constructed flats. The researchers have interviewed about 460 respondents from income group ranging from thirty thousand and above. Several locations have been identified for service apartments and a good number of findings will help the prospective researchers and developers for future policies and activities as well.

Keywords: Service Apartment, Bangladesh, REHAB.

1. Introduction

The ever growing urban population is creating an increasing demand for space. This rapid influx of population to the city results in sky rocketing land prices and provides the stimulus for construction of tall buildings (Rahman, 2001). Moreover, day by day population is increasing rapidly which created the housing problem. Land prices skyrocketed. Due to high price, insufficiency of land, high cost of land registration, and high price of building materials, people are now not interested to buy a land for building their own house. That's why they turn to real estate companies who are providing flats or apartments. In response, real estate business has enjoyed a boom over the years. Some studies on market demand for apartments are found in the literature basically based on Dhaka, but no such significant initiative is found to take up regarding based on Chittagong market. This study is attempted to fill this gap by providing an exploratory insight on apartment market in Chittagong, exploring the opportunity to the real estate sector.

According to Joseph (2005), serviced apartments, by definition, are able to offer considerably more space than a standard hotel room. Most travellers appreciate the comfort and convenience of having separate living and bedroom areas as it approximates the home environment more than a hotel bedroom. Moreover, the main point of difference in physical product is the inclusion of full kitchen and laundry facilities provided in most serviced

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apartments (Khemthong S. 2010). From these prior studies, several attributes were identified as important in the differences between the serviced apartment and hotel. These consist of length of stay, facilities, room amenities, space and cost. As a result, the serviced apartment can be defined as a home away from home and designed to make any period of time away as comfortable and homely as possible (Khemthong, S. 2008). As such, most of serviced apartments will provide fully services and have been mainly associated with long stay guests and families.

In this time of ever growing population real estate companies should tend to provide the service apartments where all dimensions of service quality exist and thus satisfy the customers which in turn increase the demand of services apartments in Chittagong city. That means real estate companies able to meet the expectations of the customers regarding services apartments.

The Broad objective of the study is to understand customers' perceptions of flats in Chittagong.

The Specific objectives are:

1. To identify the potential buyers based on age, education and profession along with their earnings as per various age groups and their preference of product
2. To provide insights about the preference of the service apartment in Chittagong

2. Literature Review

The review of the literature on prospects of service apartment shows that there is still a need for many empirical studies in the field of understanding the need of service apartment. Rahman (2014) conducted a study on consumers perceptions on apartment maintenance-service-quality offered by the real estate companies of Chittagong and user satisfaction and found that maintenance service quality of apartments is a strong antecedent of satisfaction with apartment owners. Shahabuddin (2013) examined the nature of service apartment to fulfill the housing need of the growing number of customers in Chittagong and found that the test and life style of apartment has changed and consumers focus on facilities than before. Radder and Wang, (2006) investigated a study on customer perception and found that perception is affected by image, price, service encounter and evidence of service.

This study is significant from the perspective of company and customers to gain more knowledge about the determinants; customer consider while buying an apartment. Although majority of the population is segmented into the middle and the low income groups, still housing for all has been a fallacy in Bangladesh (Barua et al, 2010, p. 240). Land is becoming increasingly inadequate to provide individual housing solution to all and as a result demand for apartments is growing rapidly.10,000 couples get married in Bangladesh and thus in a ninth month period there will be 10,000 new children coming (CPD, 2003, p. 18). Thus, the high propensity of marriage in Bangladesh itself is an indication of the growing housing needs in the country. Consequently, the city is growing up-ward and multi-storied building is seen as the solution of the problems. The house is the most important durable goods in the household and requires high involvement as well as complex decision making. Compared to buying convenience products, consumers perceive these kinds of `large ticket' purchases as riskier; sometimes even `traumatic' (Bauer 1960, p. 25; Mitchell, 1999 p. 168). The marketers of apartment can tailor appropriate marketing strategies concerning the needs of apartment's

buyer to serve their current customers and to attract new ones in a more effective way. Furthermore, the results of the study will provide advertisers, marketers as well as business people with practical information; so that they can better understand their customers preferences while making purchase decision apartments. They can also help an organization to improve sales and profits as it is more likely that the customers patronize the organization's facilities if the organization knows what satisfies them.

Though academic literature has become an impressive body of knowledge sufficient theoretical and empirical study has not made link in this study in Bangladesh so far the knowledge goes by the researchers. Service apartments are available in Dhaka but not in Chittagong. But Chittagong is valued for business, commercial activities, environment, and natural resources. The study is attempted to fill the gap by providing an exploratory insight on apartment business.

3. Methodology

This study is descriptive research. This study has been conducted based on both primary and secondary data. The secondary research was mainly required for the background study on this sector and to define the research problem. For the supply side, secondary sources were brochures and reports from different member companies of REHAB, and the web. For the demand side, primary sources were from existing and potential clientele. The study has been conducted on two sets of population, one representing the demand side and the other the supply side of the Real Estate sector. On the demand side, the population consists of all the existing consumers and the supply side consists of 32 member companies of REHAB Chittagong as convenient sampling. Quantitative analysis was done using statistical tools such as MS Excel. The filled questionnaires were examined to make sure all appropriate questions were completed, unsatisfactory or incomplete answers were not accepted, and the writing was legible.

4. Findings on the Consumer Survey

Potential location of service apartment:
People try to move to those locations where communication facility is good and security is high.

Table 1: Potential Location of Service Apartment

	Respondents	Percentages (%)
Khulshi	166	36
Halishahar	55	12
Sugandha	12	3
JamalKhan	27	6
O.R.NizamRoad	72	15
Others	74	16
NoComment	54	12
Total	460	100

Source: Field survey

From the table 1, it was found that most of the respondents opined for Khulshi and O.R.Nizam Road(51 percent) where different leading schools, offices, universities, superstores, banks,

good communications are available. Although Jamal khan and others area include Khatungonj, Cornalhat etc. In previous study, it was found that People like those location where they can have good communication facility and safety as well.

Considering this choice factors location have been identified from consumers preference.

Table 2: Khulshi as Preference Area

	Excellent	Good	Average	Poor	No Comment	Total
Respondents	88	156	134	79	3	460
Percentages (%)	20	33	29.1	17.2	0.7	100

Source: Field survey

From the above table 2, we can easily understood that 33 people said that Foy's lake area is good for serviced apartment, also nearly 29% said average, 20% excellent.

Ideal size of a service apartment:

Table 3: Ideal Size of a Service Apartment

	Below 300 square feet	300-400 square feet	400-500square feet	More than 500 square feet	No Comment	Total
Respondents	43	202	53	76	86	460
Percentages (%)	9	44	12	17	18	100

Source: Field survey

From the table-3, we found that most of the respondents (44percent) prefer 300 square feett service apartments whereas some people (17%) wanted more than 500sft as they think it as small sized apartment.

Reasons for development of service apartment:

Table 4: Reasons for Development of Service Apartment

Reasons	Frequency	Percentages (%)
Growing rate of easy and available financing	86	19
Inadequate and costly land	60	13
Encouraging remittance flow	64	14
Hazards in purchasing/developing land by own	130	28
Design and Culture Of living in flat	55	12
Others	60	13
No Comment	5	1
Total	460	100

Source: Field Survey

From the table -4 it is observed that, since banks and financial institutions are not providing huge long term loan service apartment are receiving easy and available financing because of

suitability of resale value. Moreover, hazards in developing a land by owner, design and culture of living flat, costly land followed the reason to buy serviced apartment.

Reasons for development of service apartment:

Table 5: Reasons for Development of Service Apartment

	Below 20 lac	20-25 lac	25-30lac	More than 30 lac	No Comment	Total
Respondents	63	190	118	36	53	460
Percentages (%)	14	41	26	8	11	100

Source: Field Survey

From the table 5 it was found that most of the respondents (41percent) prefer the price range should be 20-25 lac taka. Few (14 percent) responded that the price should be below 20 lac whereas 118 respondents (26 percent) thought that 300 square feet serviced apartment might cost up to 30 lac taka. Thus we can summarize that majority (304 respondent) wished the price range in between 20-30 lac taka.

Income (per month) may encourage someone to invest in a service apartment:

Table 6: Income (Per Month) May Encourage Someone to Invest in a Service Apartment

	Below 30k	30k-45 k	45k-60k	60k-75k	75k or above	No Comment	Total
Respondents	14	41	161	24	148	72	460
Percentages (%)	3	9	35	5	32	16	100

Source: Field survey

From the data [table-6] it was found that 3 percent (15) respondent earned below 30 thousand taka whereas more than 75 thousand taka earned by 161 respondents. The highest number was found under 55k-60k (35 percent). 72 respondents did not respond due to fear that income sensitive information. Thus if the respondents are categorized into first (Below 30k and 30k-45k), Second (45k-60k and 60k-75k) and third (75k and above) group of respondents, we can find that second group has the potential income holder.

Buyers of service apartment:

Table 7: Buyers of Service Apartment

	Doctor	Businessman	Student	Service holder	Others	Total
Respondents	73	214	23	95	55	460
Percentages (%)	16	47	5	21	12	100

Source: Field survey

From the table 7, it was found that maximum 47% respondent said that businessman will be the buyer of serviced apartment also 21% said serviced holder and 16% said Doctors. Some EPZ firms always deal with foreigners so they also can be the potential buyer of serviced apartment.

Savings of the respondents based on respondent's profession:

Table 8: Savings of the Respondents Based on Respondent's Profession

Profession of the respondents	Monthly average savings
Doctor	BDT 40,000
Engineer	BDT 20,000
Banker	BDT 20,000
Teacher	BDT 9000
Businessperson	BDT 20,000
Lawyer	BDT 30,000
Service holder	BDT 10,000
Others	BDT 15,000

Source: Field survey

From the table 8, it was found that among different occupational groups, Businessmen, Bankers and Doctors (both Govt. service holders and private practitioners) are more willing to build their own houses or purchase flats. So the Real Estate developers should device appropriate marketing tools to target these groups of people.

5. Conclusion

With a rising population and increasing housing demand, apartment culture has grown up in Chittagong sharply. Currently, consumers are more interested to buy flats than build their own houses. People who already own a house or flat are still very willing to buy another property which actually adds in the growth in the demand. Buyers from the 40-50 years age group are more willing to build their own houses in upcoming years. But in most cases they do not have any immediate plan.

This study concentrated on the perspectives of customers. It is acknowledged that this approach does not take full account of the perspectives of other major players in service encounters including serviced apartment managers, government, hotels. Moreover the paper does not cover all the locations within Chittagong and also whole Bangladesh. The study does not consider regression analysis, correlation and cross tabulation analysis on different values of price and size of the apartments. More real estate companies can also be considered for better results. Future research may be carried out in those fields.

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